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Current Status of Action and Future Actions  
Required Relative to the Design and Development  
of a New Retirement System for CIA Employees Hired  
After 31 December 1983

I. Current Status of Actions Already Initiated

1. Actions on Developing Elements of Our Agency Plan

STAT On 13 January 1984, [ ] presented his initial information report to the Director of Personnel (OP) and the Deputy Director of Personnel (DD/OP) outlining the comparative features of the primary provisions of typical Federal, State, and private sector retirement systems. This report included data on a wide array of alternative provisions regarding treatment of early retirement, income replacement formulas, costing methodology, actuarial valuations, and techniques used for the integration of retirement plan annuities with Social Security pension benefits. The results of this presentation meeting are outlined in Tab A.

STAT [ ] has now proceeded with the next phase of his study which is to arrange with the Department of the Treasury actuary, Mr. Gary Gilliam and Office of Personnel sources to provide current actuarial valuations of the present system and other statistical data. This data will permit him to develop a "base line" on costs to be applied and to construct several combinations of possible alternatives that might be considered as part of future proposals relative to the new retirement system. [ ] will maintain contact and discussion with the OP working group as he develops the data and constructs alternatives for consideration.

2. Other Actions

STAT [ ] (OLL) is maintaining contact with the staffs of the congressional sub-committee addressing their efforts to the design and development of a government-wide supplemental retirement system so as to monitor the on-going progress and views as they emerge.

Office of Personnel representatives are attending congressional public hearings on retirement related subjects and are scheduled to attend Senate and House public hearings on the supplemental systems. These are set for the latter part of February.

II. Future Actions to be Completed

STAT 1. Review and Analysis of [ ] Data and Actuarial Valuations of Alternatives

STAT As previously indicated, [ ] will maintain close association with the OP working group as he develops the actuarial valuation of the current retirement systems based upon current retirement eligibility criteria, income replacement rates, etc. This close contact will

continue once this base data has been evaluated and is applied to several combinations of provisions that might be considered for both CSRS type employees and CIARDS types. These will include current as well as different retirement eligibility criteria (both age and service for each system), various annuity accrual rates (2 1/2% for CIARDS, 2% for CSRS, etc.); income replacement rates and actuarial valuations as to percentage of payroll costs necessary to sustain level of benefits. In addition, he will work up similar alternatives as regards disability and survivor benefits. Included in these comparative combinations, [ ] will apply off-set formulas for Social Security pension benefits.

Once [ ] has completed this final phase of his efforts and presents his report to the Director of Personnel (D/OP), decisions can be made as to the provisions "most preferred", those acceptable and those not considered acceptable in meeting Agency requirements.

## 2. Development of a Working Draft of the Basic Structure of a Proposed CIA Supplemental Retirement Plan

Based on the data provided by [ ] and other reference material, a working draft of the structure of a possible CIA supplemental retirement plan should be constructed which includes the "most preferred" provisions with footnote sets of less preferred provisions for fall-back should this be necessary in the future.

Documentation must be developed to defend the need of the Agency to establish an independent retirement system and any provisions in the proposed plan that enhance or sustain equivalent provisions in the current systems. Actuarial valuations and costs of various proposals must be computed and available.

The basic working draft should be updated as necessary on an on-going basis as more information is available as regards Congressional or the Administration's outlook on the general supplemental retirement issue.

## 3. Other Future Actions

### A. Developing White House and Congressional Support for the Agency Position

It is advantageous for the Agency at this early date to have undertaken detailed studies and development of the primary elements of a supplemental retirement system that would strongly support the unique requirements and objections of the Agency.

At this point in time, however, the Senate and House committees addressing the supplemental retirement issue are only in the early stages of research and little is yet available on the precepts or substance of elements of the new plan that will emerge. It is anticipated that Congressional research and discussion will continue

until the latter months of 1984 with legislative proposals submitted in early 1985.

The Administration has not initiated any direct indications of views on the supplemental retirement issue itself but are on record in the recent past expressing concern for the excessiveness of retirement benefits provided current Federal retirees. It must be anticipated that when proposals are announced they will recommend general reductions in benefit levels and the cost to government.

It is essential that understanding and support of the Agency's needs be developed with both the Administration and the Congress. The timing on initiating efforts to obtain this support is vital and could be counter productive if initiated too early and fatal if too late.

It appears propitious at this time, however, for "light touch" solicitation of support with both the Administration and Agency's oversight committees as to the Agency's concerns regarding the retirement issue at large. More specific presentations should be reserved to more appropriate times in the future but before legislative momentum and proposals for a general system begin to harden.

B. Monitoring Congressional Progrsss in their Development of a Supplemental System

It is essential that Congressional action be currently monitored not only as regards tangibles of the provisions of a new system but also perceptions, biases, and trends of thinking that will emerge. These indicators will be most important in terms of developing Agency strategy and timing for increasing support for the Agency's interests and also useful in making adjustments in our own draft proposals that appear appropriate.

Once the shape of the Congressional proposals begin to firm-up, it is possible that the concepts and provisions of the new system might, with some modification, meet the needs of the Agency or only require special consideration for our CIARDS coverage.

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